

Hawksbill Sea Turtles

With their fluorescent shells, hawksbill sea turtles represent the continuous pursuit of new experiences throughout life's journey.



LEISURE

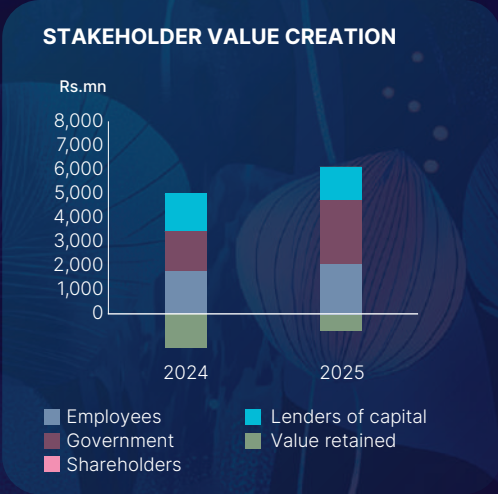
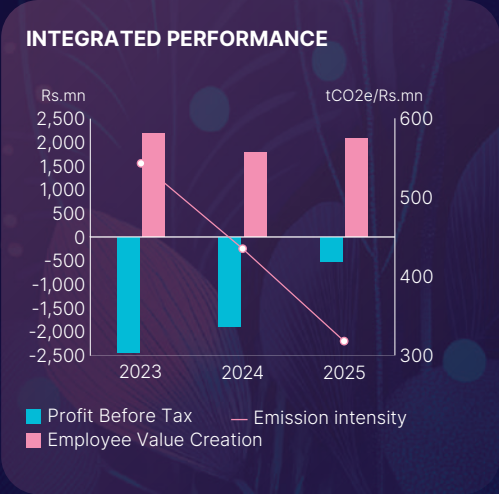
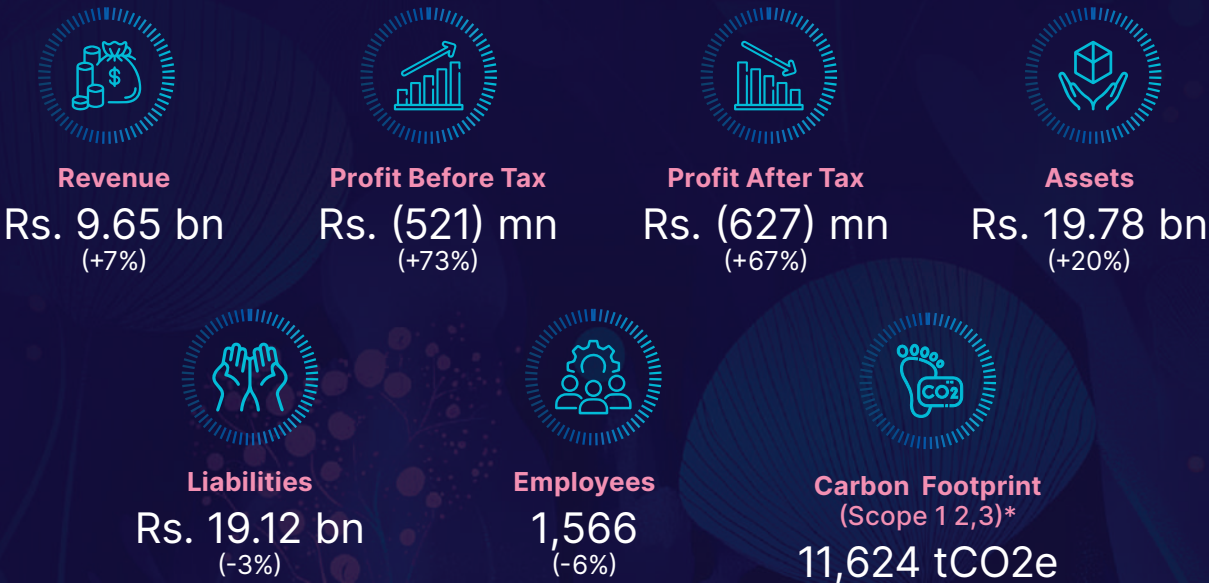
The Group's Leisure Sector is a leading player in the country's hospitality sector, with a property portfolio comprising 5-owned properties including the five-star city hotel, The Kingsbury, and 5 managed properties in Sri Lanka through the Amaya Resorts chain.



Insights from Sector
Managing Director
Scan to view

Leisure

HIGHLIGHTS OF 2024/25



*The carbon footprint for 2024/25 represents an expanded coverage of Scope 3 emissions compared to the previous year

KEY DEVELOPMENTS IN 2024/25

All four Sri Lankan properties generate profits for the first-time

All Sri Lankan properties record above average occupancy rates, outperforming competitors

Entered into a Management Agreement with Minor International for Amaya Kuda Rah Maldives

Strengthening ESG capabilities and pursuing strategic integration of ESG

The Leisure Sector has demonstrated its own form of brilliance through adversity. After weathering a series of extraordinary global and domestic challenges in the past few years, the Sector is now re-emerging—agile, resilient, and responsive to successfully navigate a transformed landscape.

AGILE BUSINESS MODEL

- Focus on lean and operational excellence
- Responsive marketing and promotions
- Tailored channel strategy
- Multi-disciplinary training for employees
- Embracing digital transformation

STRATEGIC SUSTAINABILITY

Skill development through Hayleys Leisure Training Academy with 60 youth trained during the year

Rs. 2.08 bn payments to direct employees

Rs 7.50 bn supplier payments

Leisure



SECTOR OVERVIEW

The Group's Leisure Sector is a leading player in the country's hospitality industry, with a network of hotels, resorts, wellness retreats and collection of managed boutique properties in Sri Lanka and Maldives. The Sector owns and operates the 229-room five-star city hotel, The Kingsbury as well as Amaya Beach, Amaya Hills and Amaya Lake with a collective four-star room capacity of 355. During the year, the Sector entered into a management agreement with global hospitality brand Minor International to manage its Maldivian Property, Amaya Kuda Rah.

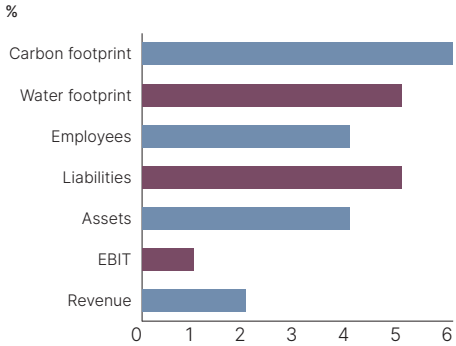


Highly-rated property portfolio	Best-in-class F&B offerings	Distribution strategy
<p>The Sector's properties are among the most highly-rated in their respective areas of operation</p> <p>Tripadvisor ratings</p> <ul style="list-style-type: none">Amaya Hills: 4.5/5Amaya Lake: 4.5/5Amaya Beach: 4.5/5The Kingsbury: 4.6/5Amaya Kuda Rah: 4.7/5	<p>Reputation for best-in-class F&B offerings through highly-rated restaurants at The Kingsbury</p> <p>Amongst the most popular and top-rated banquet operators in Colombo</p>	<p>The Sector's multi-channel distribution strategy includes destination management companies (DMC), online travel agents, direct bookings and online reservations among others</p>

OPERATING ENVIRONMENT

Sri Lanka's tourism sector maintained the strong growth momentum that began in 2023, recording a 38% surge in arrivals to 2.05 million in 2024. Representing the highest annual arrivals since 2019, this improvement reflects the country's relatively stable political conditions and macro-economic fundamentals as well as the release of pent-up demand from key markets. India retained its position as Sri Lanka's largest source market with a share of 20% of arrivals, while other key markets included the Russian Federation, UK, Germany and China. Despite the strong growth, arrivals fell marginally short of the government's target of 2.1 million. On the supply side, competitive pressures have intensified, particularly in Colombo which saw several new players entering the industry. Competition from the informal sector also continued to intensify, with the sector now accounting for over 36,543 rooms compared to the formal sector's 16,686.

RELEVANCE TO GROUP



	SRI LANKA TOURIST ARRIVALS +38% (2.05 mn) Growth in 2024 3 mn Forecast arrivals for 2025	INTENSIFIED COMPETITION 50% Increase in 5-star room inventory in Colombo	REDUCTION IN ENERGY COSTS -22% Electricity costs	MALDIVIAN TOURISM INDUSTRY +9% Increase in arrivals
Description	Arrivals into Sri Lanka continued to gain momentum. The average length of stay was approximately 8 days, while visitors between the age of 31-40 represented the largest demographic segment.	The entry of several new operators including Cinnamon Life, Sheraton and Amaari have led to a significant increase in room nights and a sharp drop in the ARR following the removal of the minimum room rate regulation	Electricity costs account for approximately 12.5% of the total overheads and the reduction during the year led to significant cost savings	Despite political and economic challenges, the country's tourism sector remained resilient, achieving a milestone 2 million arrivals in 2024. However, underlying vulnerabilities could impact overall stability in 2025 with mounting concerns on potential defaults of external debt
Impact	H	M	H	M
Implications	+ High occupancy levels across all resorts	- Increased price competition among city-hotel operators - Competition for skilled labour	+ Cost reduction and improved profitability margins	- Uncertain political and economic outlook

H-High, **M**-Medium, **L**-Low / Blue circle represents adverse effect while green circle represents positive effect

RISK LANDSCAPE

Market risks

The increased room inventory among city operators is expected to result in intense competition for business and skilled labour

Ⓢ Strategic response

- Ongoing focus on strategic differentiation through focus on F&B and service propositions

Sustainability-related risks

CRRO 3

Travellers are increasingly demanding responsible environmental and social practices from tourism sector operators necessitating shifts in operating models and processes

Ⓢ Strategic response

- Pursuing the strategic integration of ESG across all aspects of operations

Market risks

Increased volatility in the exchange rate, against recent geopolitical trade dynamics could lead to challenges in setting pricing as well as profitability margins

Ⓢ Strategic response

- Proactive monitoring of exchange rate and close coordination with Group Treasury

Sustainability-related risks

CRRO 1,2

Physical risks of climate change including biodiversity loss and temperature rise is reducing attractiveness of destinations leading to shifts in travel seasons

Ⓢ Strategic response

- Pursuing long-term climate adaptation and mitigation mechanisms



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Market opportunities

Changing customer expectations are driving a shift towards trends such as authentic experiences, solo travel and wellness tourism among others

Strategic response

→ Curating unique experiences at each property

Market opportunities

Sri Lanka's tourism sector is poised for continued growth over the short-to-medium term, as the country leverages its unique positioning, culture and diverse offering to penetrate new and existing markets

Strategic response

→ Leverage on brand, product and service mastery and human capabilities to strengthen competitive position

STRATEGY AND RESOURCE ALLOCATION

The Sector's differentiation strategy has centred on service excellence and best-in-class F&B offerings through continued emphasis on innovation, curating unique experiences and expanding menus and offerings. This strategy has augured well for the Sector, particularly The Kingsbury which is widely considered as the best F&B proposition among city operators. Meanwhile, the multi-channel distribution strategy continues to serve the Sector well as it leveraged its long-standing relationships with Destination Management Companies, local corporates and travel agents to drive increased penetration across visitor segments.

Strategic KPIs/ Pre-financials

F&B FOCUS

How we performed: Ongoing focus on enhancing the F&B proposition through curating new experiences and expanding the offering, resulting in our city-hotel restaurants emerging among the best rated restaurants in Colombo

F&B revenue (Rs. mn)

2025	4,725
2024	4,631
2023	3,391

About this KPI and why we use it:
This KPI demonstrates the effectiveness of the Sector's F&B proposition and diversification efforts

Resource allocation
Range of diverse restaurants across our properties

SERVICE EXCELLENCE

How we performed: Ongoing training interventions and a service-oriented culture have enabled the Sector to consistently record above average ratings and occupancy levels in comparison to its competition.

	Property score	Average score
Kingsbury	92	95
Beach	90	95
Lake	93	95
Hills	91	95

About this KPI and why we use it:
Measures guest satisfaction on multiple dimensions of service

Resource allocation
Investment in service-oriented training

TALENT MANAGEMENT

How we performed: With increasing competition for skilled labour in the industry, the Sector sought to strengthen training, market adjustment of remuneration while leveraging on the Hayleys employer brand to attract and retain talent.

Employee retention (%)

2025	64
2024	64
2023	62

About this KPI and why we use it:
Indicates value proposition to employee, workplace stability and employee satisfaction levels

Resource allocation
Total payments to employees:
Rs. 2.08 bn

INTEGRATED PERFORMANCE REVIEW
Turnaround of Sri Lankan Sector:

The Sector's performance was upheld by the record-breaking profitability of the Sri Lankan properties, with all four properties generating profits for the first time. Sector Revenue increased by 7% to Rs. 9.65 bn, supported by strong growth in F&B Revenue in The Kingsbury, while strong growth in Banquet revenue also supported top-line growth. Despite the persistently weak performance of Amaya Kuda Rah, Maldives, the Sector generated a positive EBIT of Rs. 543.82 mn during the year, compared to an Operating Loss of Rs. 427.00 mn the previous year. While overall profitability was adversely impacted by Amaya Kuda Rah, the Sri Lankan properties recorded a near 8-fold increase in Profit Before Tax during the year. Overall, the Sector recorded a Loss Before Tax of Rs. 520.65 mn compared to Rs.1.90 bn the previous year.

Best-in-class value propositions: The Kingsbury recorded a near 1% and 112% respective growth in Revenue and Profit Before Tax during the year, supported by higher than average occupancy levels, increased footfalls in the restaurants and healthy growth in the banquet operations. Amaya Lake also continued to outperform counterparts in occupancy rates, emerging as a significant contributor to profits. During the year, Amuna Ayurveda & Wellness retreat by Amaya was launched adjacent to Amaya Lake with the aim of capitalising on potential growth opportunities in wellness tourism. Despite new competition in Kandy, Amaya Hills also recorded above average occupancy rates, leveraging its unique location and market positioning to drive higher volumes. Amaya Beach Passikudah generated profits for the first time in its operating history, emerging as the market leader in the region, supported by its focus on the CIS markets.

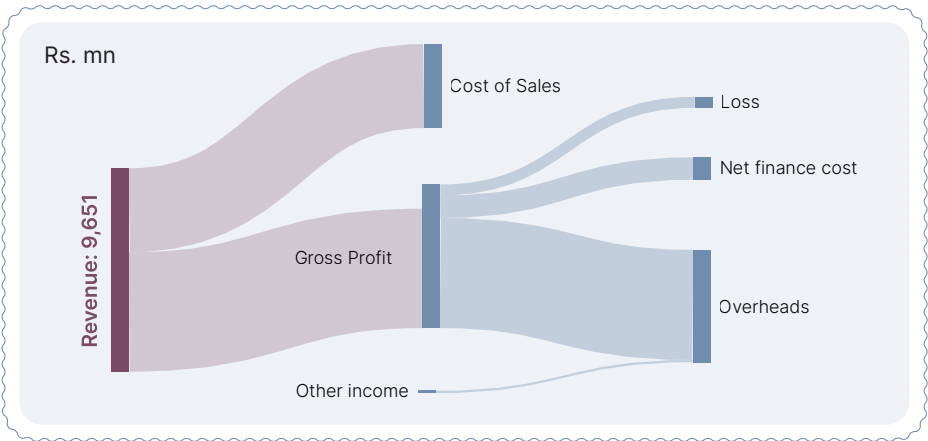
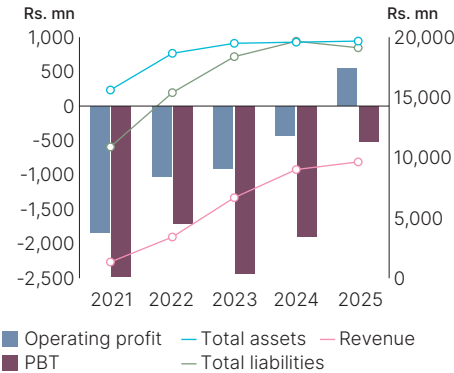
Targeted distribution strategies: The Sector leveraged its multi-channel distribution during the year to pursue tailored strategies for each resort. The Kingsbury focused primarily on strengthening its corporate proposition while enhancing visibility and attractiveness across OTA platforms. Meanwhile, in the resorts the Sector focused on increasing penetration through DMCs while strategic emphasis was also placed on increasing contributions from domestic travellers, with the aim of diversifying the revenue profile.

People proposition: While the shortage of skilled labour remains a critical challenge for the hospitality industry, the Sector's efforts in enhancing its employee value proposition through ongoing investments in training, market adjustments in remuneration and nurturing a performance-driven culture paid dividends during the year, with attrition levels relatively stable at 36%. During the year, the Sector launched a series of video-based training sessions for all resorts, offering an engaging and scalable tool to enhance customer service skills.

Strengthening ESG integration: The Sector strengthened its ESG capabilities

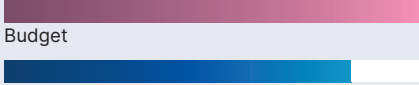
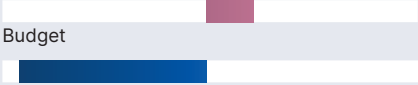
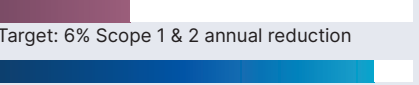
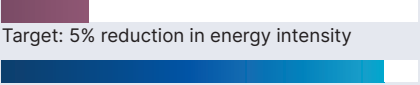
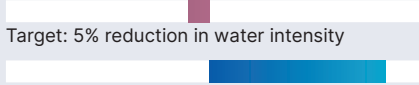
during the year, deploying a dedicated, highly-skilled team to strategically integrate ESG considerations across all properties. The Sector is currently in the process of formalising its ESG Roadmap in line with the Hayleys Lifecode and has laid the foundation for this through introducing project-based energy, water and waste targets across all resorts. With two properties located in areas of protected conservation status, measures are in place to reduce impacts on ecosystems including responsible waste disposal, management of water discharge and sustainable water consumption in line with the requirements of the Group's environmental policies.

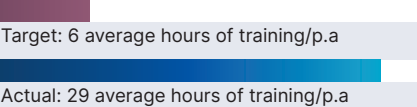
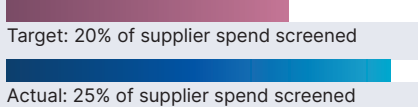
SECTOR FINANCIAL PERFORMANCE



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PERFORMANCE HIGHLIGHTS

FINANCIAL METRICS		2025	2024	%	2023
Revenue		9,651	9,019	7	6,687
Earnings before interest and tax		544	(427)	-	(901)
Net finance income/(cost)		(1,064)	(1,468)	(28)	(1,527)
Profit before tax		(521)	(1,895)	(73)	(2,428)
Profit after tax		(627)	(1,878)	(67)	(2,385)
Assets		19,676	19,587	0.5	19,494
Liabilities		19,124	19,660	(3)	18,386
Operating cash flow		945	733	29	183
OPERATIONAL HIGHLIGHTS					
Average occupancy					
-Amaya Resorts (%)		65	63	2	37
-Kingsbury (%)		67	67		48
No. of available room nights		240,133	198,081	21	244,914
PERFORMANCE AGAINST TARGETS					
Revenue			Profit before tax		
					
Budget			Budget		
Actual			Actual		
ENVIRONMENTAL METRICS		2025	2024	%	2023
ESG commitment areas	Energy consumption (GJ)	98,038	117,973	(17)	94,930
	Energy intensity (GJ/Revenue USD mn)	3,023	4,141	(27)	5,113
	Carbon footprint (tCO2e)- Scope 1 & 2	10,297	12,408	(17)	10,075
	Emission intensity (tCO2e/Revenue USD mn)	318	435	(27)	543
	Water withdrawn (m3)	343,816	174,747	97	208,557
	Water intensity (m3/Revenue USD mn)	10,603	6,133	73	11,233
Relevant SASB metrics	Energy				
	- % grid electricity	48	38	26	N/A
	- % renewable	-	-	-	N/A
	Water consumption				
- % consumed from high stress areas**		100	100	-	N/A
Number of facilities located near areas of protected conservation		2	2	-	N/A
PERFORMANCE AGAINST TARGETS					
Emission reduction		Energy consumption		Water consumption	
					
Target: 6% Scope 1 & 2 annual reduction		Target: 5% reduction in energy intensity		Target: 5% reduction in water intensity	
Actual: 17% Scope 1 & 2 annual reduction		Actual: 27% reduction in energy intensity		Actual: 73% increase in water intensity	

SOCIAL METRICS		2025	2024	%	2023
ESG commitment areas	No. of employees	1,566	1,660	(6)	1,537
	Revenue per employee (Rs. mn)	6.2	5.4	13	4
	Remuneration per employee (Rs.mn)	1	1	1	0.4
	Investment in CSR (Rs.mn)	1	1	109	2
	No. of CSR beneficiaries	6,115	5,990	2	12,183
Relevant SASB metrics	Voluntary turnover rate for hotel employees (%)	36	36	-	N/A
	Involuntary turnover rate for hotel employees (%)	0	0	-	N/A
PERFORMANCE AGAINST TARGETS					
Employee Development		Supplier screening		Community engagement	
 <p>Target: 6 average hours of training/p.a</p> <p>Actual: 29 average hours of training/p.a</p>		 <p>Target: 20% of supplier spend screened</p> <p>Actual: 25% of supplier spend screened</p>		<p>Target: At least 1 long-term strategic CSR project in each Resort</p> <p>2024/25: 3 resorts have ongoing programmes</p>	

*The Environmental and Social metrics disclosed above represent the Sector's most material impact areas, long-term ESG commitments and topics prescribed by the SASB Standard- Hotels & Lodging Standard

** The Aqueduct Water Risk Atlas places Sri Lanka in the medium to high risk category for water stress

Long-term ESG commitments

Accelerate climate action

- Obtaining third-party verification on the carbon footprint of all properties
- Pursuing opportunities in renewable energy including biogas and solar

Restore and regenerate nature

- Prevention of sea erosion at Amaya Beach through regular beach clean-ups and reinforcing sea walls

Optimise resource footprint

- Bio-degradable amenities across all resorts
- Water and waste reduction targets at property-level



Responsible work place

- 60 aspiring youth training through the Hayleys Leisure Training Academy

Partner progress

- Rs.1.26 mn CSR investment in multiple community engagements
- Environmental, health and safety training of key suppliers

Responsible and responsive corporate citizenry

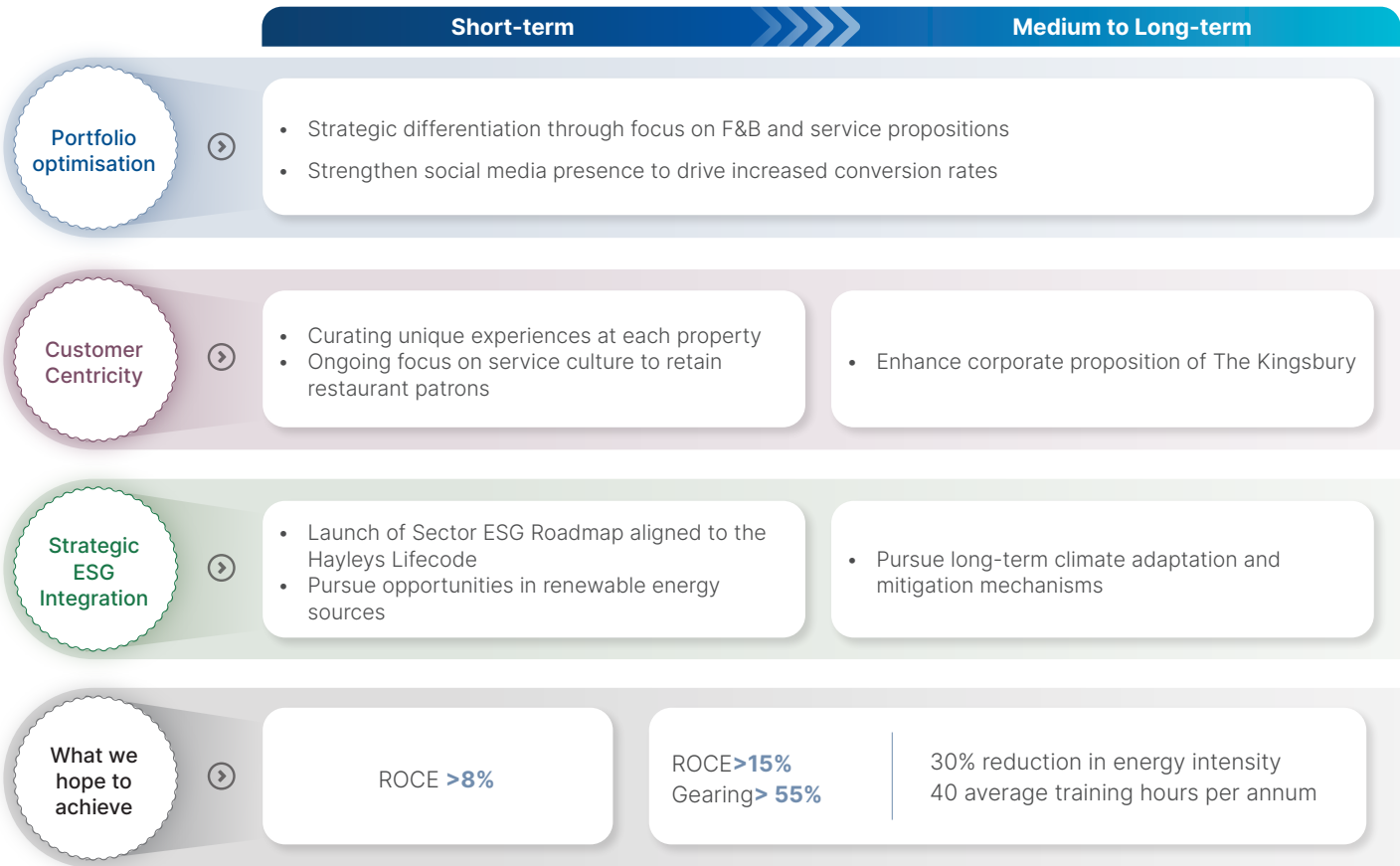
- Strengthened ESG reporting and governance mechanisms
- Obtained membership of the Lanka Responsible Care Council, which seeks to enhance health, safety and environmental performance

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PROSPECTS AND PLANS

The short-to-medium-term outlook for the country's tourism sector remains extremely promising, with the Sri Lanka Tourism Development Authority targeting an optimistic 3 million arrivals in 2025. Meanwhile, there is further opportunity to strategically expand national efforts to drive increased arrivals during summer by adopting targeted and tactical national level campaigns which can optimise year-round tourism potential and strengthen the country's positioning as a multi-season destination. Hayleys Leisure is aptly positioned to capitalise on these emerging opportunities having placed strategic emphasis on recent years in strengthening its product and service proposition and human capabilities.

Alignment to Group strategy



Opportunities and levers	Risks to strategy
→ Strong upside potential in the country's tourism sector	→ Escalating competition, particularly among 5-star city hotel operators
→ Changing customer expectations and preference for authentic experiences	→ Exchange rate volatility
	→ Physical risks of climate change